

3/17/79

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Lipshutz to The President (3 pp.) re: US Aid to Israel OPENED 3/16/08	3/17/79	A
memo	From Eizenstat to The President (one page) re: Aid to Israel OPENED 4/16/08	3/17/79	A
memo	From Young to The President (one page) re: US Mission to the UN/enclosed in Hitchenson to Cabinet Members OPENED 4/16/08	3/16/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File
3/17/79 BOX 123

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THE WHITE HOUSE
WASHINGTON

March 17, 1979

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

The attached analysis and suggestions reflect the results of discussions which I have had with Leon Charney over the past 24 hours. Leon travelled from Israel with Ezer Weizman and is staying at the hotel and in constant communication with him.

The Israel domestic political background on this trip indicates that one of the principal responsibilities assigned by the Cabinet to Weizman is to try to improve and perhaps make more definite the various financial arrangements which have been discussed. Weizman was advised to try and handle this matter with "his American friends" and Ezer himself feels that he would be vulnerable politically were he to return with only the same things as already had been outlined. It is Leon's and my judgment that -- as in the case of some of the other items with which you have been faced during these negotiations -- perceptions and cosmetics can be effective even if there is little or even no firm change at this time in substance.

As you are aware, Ezer has met extensively with Harold Brown and Cy Vance.

Sunday Ezer is having breakfast with Betty and me at our apartment at 9:00 AM. At mid-day he is going to be on "Meet the Press", and then he is having lunch with Harold and Cy.

The attached memorandum outlines the factual situation as I understand it, along with a suggested proposal which has been conveyed to me for transmission to you.

Attachment

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DECLASSIFIED

Q All MR-NLJC-06-196
PER 8/23/04 STATE LETTER
4/10/08

~~CONFIDENTIAL~~

March 17, 1979

CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*
SUBJECT: United States Aid to Israel

APPARENT PRESENT SUGGESTIONS:

(1) With reference to the construction of two new AIR BASES, apparently our people have estimated a cost of \$1.1 billion, and apparently we have indicated our willingness to handle the total cost of these air bases, even if that should vary somewhat. I also understand that the Israeli estimate of the cost was \$700 million.

(2) With reference to the ONGOING MILITARY AND ECONOMIC AID, it is my understanding that this currently is \$1 billion for military and \$800 million for economic aid, and our proposal is to continue at this same level. Apparently the Israelis have requested that, retaining the same level of economic aid, the military aid be increased to offset the inflationary factor since this figure was established in 1975.

(3) With reference to REDEPLOYMENT COSTS, it is my understanding that (based on preliminary estimates), we have proposed \$1 billion \$400 million and the Israelis have requested \$2 billion \$900 million (also based upon preliminary estimates). This Israeli request is for 100% of the total cost.

ALTERNATE PROPOSAL:

The alternative proposal which I am transmitting to you is as follows:

(1) With reference to the Air BASES, the American proposal is quite satisfactory, and hopefully would be somewhere between the American and Israeli estimates.

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DECLASSIFIED
MR-NLJC-06-196
PER 8/23/07 STATE LETTER
BY 2 NARS, DATE 4/10/02

~~CONFIDENTIAL~~

-2-

(2) With reference to the ONGOING MILITARY AND ECONOMIC AID, the figures of \$1 billion and \$800 million would be retained. BUT IN ORDER TO ASSIST THE ISRAELIS IN OFFSETTING THE INFLATIONARY FACTOR, the United States would postpone for five years repayment of \$300 million of the current Israeli loan repayment to the United States of \$450 million (which represents approximately \$200 million principal repayment and \$250 million interest payment).

(3) With reference to REDEPLOYMENT COSTS, there would be a compromise somewhat as follows (based upon our original figure of \$1 billion \$400 million and the Israeli figure of \$2 billion \$900 million total estimated cost):

1.1
1.9

3.0

"With reference to REDEPLOYMENT COSTS, the parties agree as follows. Israeli and American teams will work together and reach an agreement on the definition of "redeployment costs" both as to specificity and quantitatively. With reference to the United States contribution to these "redeployment costs", and based upon the total of such costs which will be incurred by the Israelis, (the total estimated cost is \$2,900,000,000) the United States will contribute 70% of the total actual cost, but not to exceed \$1,900,000,000."

(4) With reference to the delivery of the 55 F 16 Jets already ordered by Israel, the United States will endeavor to expedite delivery of them on a speedier schedule than originally contemplated, and the parties will work together to try and develop a payment schedule for same within the financial abilities of Israel.

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----- ADMINISTRATIVELY CONFIDENTIAL -----

THE WHITE HOUSE

WASHINGTON

March 17, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Sh*

SUBJECT: Aid to Israel

Israeli Ambassador Evron called me this morning quite upset about the amount suggested by the United States to cover their Sinai withdrawal, which he said would cost some \$4 billion. He stated that the talks with Secretary Brown indicated that the United States would only pick up \$2.5 billion and that it was "impossible" for Israel to live with this amount. He stated that if the talks between Defense Minister Weizman and Secretary Brown bogged down over this figure it would come as a terrible blow to Israel just before the crucial Knesset vote on the Treaty.

Ambassador Evron stated that if Israel could get \$3 billion plus an increase in the \$1.8 billion annual aid figure (which he said had been fixed for several years with no increase for inflation) to \$2 billion, although Israel would be disappointed it would be "acceptable."

Mr. Evron is generally quite low-keyed but seemed over the phone to be quite concerned about the turn of events.

cc: Harold Brown
David Aaron

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1MR-MJC-CG-146
PER 8/23/07 STATE LETTER
BY *Q* NARS, DATE 4/10/02

CONFIDENTIAL

TO: President Carter
THROUGH: Rick Hutcheson
FROM: Ambassador Young
SUBJECT: U.S. Mission to the UN Activities, March 9 - 16

MIDDLE EAST PEACE - BLESSED ARE THE PEACEMAKERS FOR THEY SHALL BE CALLED CHILDREN OF GOD. Congratulations on your great success in negotiating a peace treaty between Israel and Egypt.

SECURITY COUNCIL - U.S. Arab Consultations on Jordanian Draft Resolution - I met with members of the Arab Group who urged U.S. support for the Jordanian draft resolution which would establish a Commission to investigate Israeli settlements. The Arabs stated that they were not interested in condemnation of Israel nor in pressing Chapter VII language; they only wanted U.S. support for a Security Council Commission. They argued that a Commission would be supportive of U.S. peace efforts and would underscore to the Arab world the consistency of our determination to halt Israeli settlements. I presented our strong reservations about the Jordanian initiative and urged the Arabs not to press their resolution to a vote. I argued that the Commission would not be received by Israel and would not be effective in stopping the settlements. I believe the Arab Group will persist in pushing their resolution to a vote. We will then have to decide what position to take, bearing in mind our strong desire to obtain broad support for the Camp David peace process.

Southeast Asia - The five ASEAN nations are co-sponsoring a resolution which will probably be voted on Friday afternoon. Without mentioning specifically the conflict in either Vietnam or Cambodia, the resolution calls for a cessation of hostilities, withdrawal of foreign forces and restraint by "powers outside the region". The U.S. supports this resolution. At this stage, it looks like the resolution will gain the affirmative votes of 12 Council members; the PRC is expected to abstain, and the Czechs and Soviets are expected to vote against.

NAMIBIA - Proximity talks on Namibia will begin Sunday night. Cy Vance and the Foreign Ministers of the UK, France, FRG, Canada, the Frontline states and South Africa will attend. Representatives of internal Namibian parties will also attend. We are still trying to convince SWAPO President Sam Nujoma to attend these talks instead of sending his Vice President as he has indicated. This would only play into South African plans to derail the settlement effort once and for all. We hope that the talks will help nail down final agreement on the remaining details of the UN deployment in Namibia.

I met this week with South African Ambassador Sole to assure him of U.S. impartiality in seeking a solution in Namibia. He confirmed that the information scandal in South Africa is having a tremendous impact both in public and within the Cabinet.

WASHINGTON POST - I met with senior editors of the Washington Post on March 12 to discuss the Carter Administration's foreign policy. I had a private luncheon with Kay Graham and her son, Donald, the new publisher of the Post.

SPEAKING ENGAGEMENTS - 3/15 Whitney Young Awards Dinner (on domestic policy), Urban League - Los Angeles; 3/16 Northwest Regional Conference on the Emerging International Economic Order, Seattle; 3/17 S. W. Region of the Amalgamated Clothing and Textile Workers Union, St. Louis. OTHER MEETINGS: Dr. Nahum Goldman.

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MR. NLJE-06-196
PER 8/23/07 STATE LOT 162
BY [signature] MAR 3, DATE 4/10/02

11:30

3-17-79

from Vance

Nigeria → Nigeria Province

United States → Khalij

Sadat → Begin work

to Vance

Begin, Sadat → week Sun

indiv indiv Mon

Lunch Mon

Sign Mon 8 pm, Then Bgt

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3-17-79

11:20 Vance

Namibia

- a) Make up of UN forces
- b) Supervise SWAPO in Namibia
- c) Angola - SWAPO base
vs normalization

JC: Be cautious - Namibia
agreement & Cubans moving
out

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THE WHITE HOUSE

WASHINGTON

March 17, 1979

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MEMORANDUM FOR THE PRESIDENT

FROM:

JERRY RAFSHOON *Jerry*

SUBJECT:

Inflation/Energy meeting at Camp David

1. Handling the "news" from the meeting. I had hoped that we could keep the fact that the meeting is going to take place quiet until Monday. However, it is too late for that. It seems impossible to keep anything quiet when more than one person is involved. Now, would it be too much to ask that no news come out during the meeting? There should be no briefing after the meeting, only a statement of who was there and the general topics covered.

It would be helpful if, as reporters talk with the various participants, the following points got out:

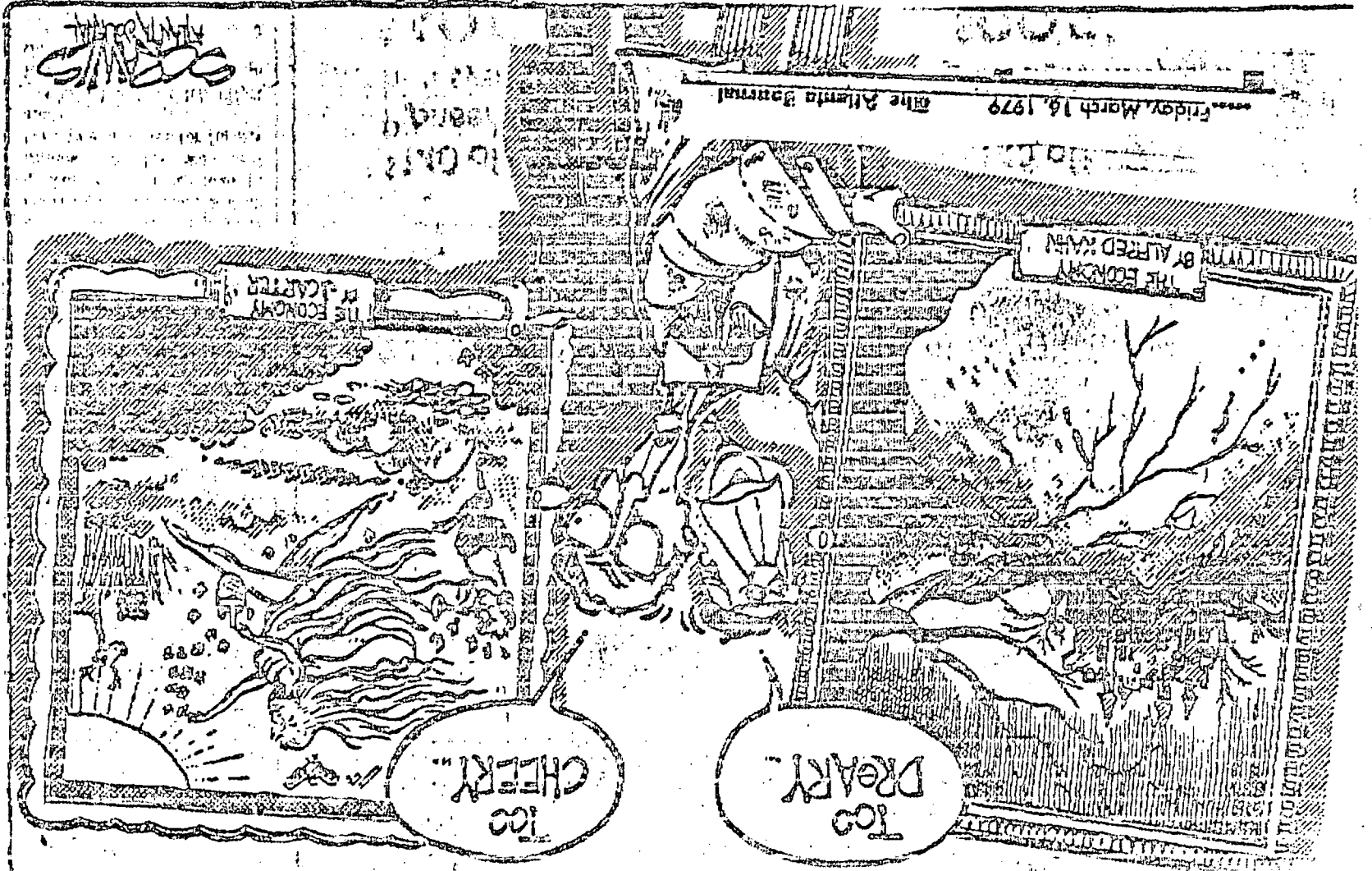
- You are turning your attention back to your major domestic priorities: energy and inflation.
- You insisted firmly (angrily ?) on better coordination of policy and pronouncements.
- You stressed your own unswerving determination to stick with the fight against inflation and for energy conservation.

2. Inflation. There will be proposals for you to make another announcement of new steps to be taken to beef up the program. I think you should avoid this at this time. The major focus of media attention in the inflation area over the next month will be the Teamsters settlement. If that goes well, it will overshadow any Phase III announcement. If it goes badly, it will make another announcement ludicrous. I think you should focus your attention almost entirely on that settlement. Explore every possibility. In the end, if necessary, you should get directly involved. You should meet with Fitzsimmons. Let him know that you will be with him if he complies. If he doesn't

we are willing to risk a strike, lead the right for de-regulation, and do whatever else is necessary. The press will play this as a major turning point up or down on the inflation program. We might as well recognize this and go all out to win it. We're not going to divert anyone's attention with more announcement. If the settlement goes well, announcement of a strengthened program would have much greater credibility.

3. Energy. If you're going to make an energy speech, it should be very short and very tough. I think it should include something dramatic and visible like Sunday closings as well as mandatory thermostat settings and other measures. You should also send the team back to the drawing boards with a deadline for more tough mandatory measures. Let them know you weren't satisfied with the options you received. The announcement should be a ten-minute television address - no frills.

Without singling anyone out you should let it be known that you expect the Administration to speak with one voice on this issue. Our predictions -- running them from the sanguine to the disastrous -- have made us look ridiculous. If you want, I will meet twice a month with the EPG and the energy folks to coordinate our policy statements on inflation and energy.



Friday, March 16, 1979 The Atlanta Journal

WISCONSIN

THE WHITE HOUSE

WASHINGTON

March 17, 1979

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER *Ann*

SUBJECT: Activities Report -- Week Ending
March 16, 1979

1. Multinational Trade Negotiations

As you would expect, there was an adverse reaction to the news articles that the minority and small business federal procurement set-asides would suffer in exchange for the opening of foreign government procurement to American business. We are working with STR, SBA and the White House Conference on Small Business to develop data and materials for briefings and mailings next week for the small and minority business communities. In addition, Bob Strauss will testify on the subject and this should generate some correcting news stories.

At the March 30 New England trade conference, Bob Strauss will respond to allegations that the Northeast would not benefit from the MTN. We will then follow-up with mailings and briefings.

2. Hospital Cost Containment

The response to the East Room briefing last Thursday for community leaders (250) from key states was very positive. Miss Lillian did an excellent job of activating the crowd when the Vice President brought her as a surprise visitor. We will follow-up early next week with many of those who attended in order to intensify their efforts prior to the Senate Finance Committee markup scheduled for later in the week. We have established a six-person informal steering committee from the sixty members of the Washington-based coalition supporting the bill. This group will be the means for targeting the coalitions's efforts on the Hill and providing coordination with the White House and HEW.

3. Department of Education

Following our meeting with representatives of major corporations interested in educational activities, several corporations agreed to work in support of the Department of Education. Their Washington representatives will work with the Congressional Liaison staff on the Hill. Next week we meet with representatives of minority groups (most of whom are supportive) to reassure them about the civil rights provisions in the legislation. There are indications that one or more minority leaders are concerned about this.

4. Economic Development Reorganization

Briefings for the major public interest groups (governors, mayors, etc.) will begin next week under Commerce's lead. These briefings are occurring during the development of the legislation to allow for adjustments in the legislation aimed at obtaining the strongest support from the public interest groups.

5. DOT Reorganization

The proposal to create a Surface Transportation Administration within the Department of Transportation has created some concern among urban groups who fear that their interests will be subordinated to those of the highway industry. We will begin low-level staff briefings next week to begin to alleviate these concerns.

6. Public Campaign Financing

Our outreach strategy on this legislation is to be low key for the time being. The basic objective is to get the supporting interest groups to do their own work to expand the basis of their support, with a particular emphasis on picking up constituencies that might have influence on the Republican opposition.

7. Regulatory Reform

The individual consultations with major interest groups conducted last week showed basically strong support for the regulatory reform proposals. We anticipate major endorsements around the time of your announcement. We will conduct some briefings for other interest groups during the coming week and are planning major mailings through trade associations, good government groups and the like to follow your announcement.

THE WHITE HOUSE
WASHINGTON

20 Mar 79

FOR THE RECORD:

ATTACHED ARE CABINET SUMMARIES
FOR THE WEEKS OF MARCH 5
AND MARCH 12. COPIES WERE
NOT STAFFED DUE TO UNUSUAL
CIRCUMSTANCES (THE PRESIDENT'S
SCHEDULE) .

Community WASHINGTON, D.C. 20506
Services Administration



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March 9, 1979

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director
Community Services Administration

H.O. by J. Jones

SUBJECT: Weekly Report of Significant Agency Activities
(March 5 - 9, 1979)

Crisis Intervention Program

The Community Services Administration (CSA) has distributed \$143.9 million of the \$200 million allocated for its Fiscal 1979 Crisis Intervention Program. Of this amount, \$23,428,867 has been distributed to 47 states and the District of Columbia and \$1.7 million has been allocated to Illinois and Wisconsin to assist these states with their recent snow disaster. In addition, \$118,778,500 has been distributed to 34 states who have qualified for supplemental assistance. These supplemental funds have been distributed regionally as follows:

Boston (6 States)	\$11,676,500
New York (1 State)	17,099,500
Philadelphia (2 States)	10,347,000
Atlanta (1 State)	3,562,000
Chicago (6 States)	43,864,250
Dallas (4 States)	7,684,000
Kansas City (4 States)	10,171,000
Denver (5 States)	8,843,250
San Francisco	
(Areas Within 2 States)	1,880,000
Seattle (3 States)	<u>3,651,000</u>
Total	\$118,778,500

Public School Energy Calendar

The Community Relations—Social Development Commission, a CSA grantee in Milwaukee, Wisconsin, has published the ~~attached~~ 1979 School Energy Calendar to assist Milwaukee public schools in educating children about energy conservation.

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 17, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CS*
Subject: CEA Weekly Report

The staff spent a great deal of its time this week in detailed background preparation for the energy and inflation discussions on March 19.

Forecasting. The interagency forecasting task force is completing its forecast. The preliminary results were incorporated in the memo to you for the meeting Monday, March 19.

Energy Policy. The CEA staff continues its work with the interagency effort on crude oil pricing options. The staff devoted a great deal of time to the development of estimates of the impact of various options on our economy. Again, this information will be part of the March 19 meeting.

Anti-inflation Policy. The CEA staff continued its work with the food inflation task force and the anti-inflation media effort task force. In addition, work continued on any steps which could be taken in light of what appear to be ominous signs from the price side and possible disaster with the Teamsters' negotiations.

Regulatory Reform. The CEA staff continued work on the regulatory reform proposal being drafted. I have communicated to that task force my very serious reservations about a portion of that draft proposal.

From Tuesday, March 20 through Monday March 26 I will be joining my family on vacation. During my absence Lyle Gramley will be Acting Chairman of the CEA.

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

C
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March 16, 1979

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

CATTLE. Cattle on feed in seven States dropped 1 percent below the year-earlier level on March 1. This decline was the result of a 2 percent fewer marketings and 15 percent fewer placements on feed during February 1979 than a year earlier. These figures were in line with trade estimates.

This large year-to-year decline in placements suggests that tight beef supplies will continue during the next several months. Thus, fed beef supplies are not likely to cause any sustained price weakness for fed cattle through spring.

VEGETABLE PRICES. It now appears likely that there will be an extended strike in the vegetable fields of California -- lasting into the summer months. Commercial vegetable prices for 1979 may average about 10 percent above the current USDA projection. Pickets are also showing up in celery, broccoli, and carrot fields in Central Coast areas. Lettuce prices may drop temporarily, but by late April they could be headed higher when heavy shipments move from the concentrated production area surrounding Salinas. Some seasonal decline this summer quarter is expected as the supply of vegetables from local areas increases.

USDA is continuing to predict food price increases to remain within its earlier-projected 6 to 10 percent range.

SOYBEAN AND OIL EXPORTS. U.S. soybean exports are forecast at 785 million bushels, 10 million bushels above the February 9 indication and 85 million above the 1977/78 level.

BOB BERGLAND

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THE SECRETARY OF THE TREASURY
WASHINGTON 20220

March 16, 1979

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. THE DOLLAR

The yen experienced heavy selling pressure, in part due to market expectations of the adverse impact on Japan of oil shortages and price increases. The Japanese and U.S. authorities cooperated in market operations (with very heavy Japanese intervention at mid-week) to support the yen and halted its decline. The dollar remained firm against other major currencies, with narrow rate movements. The entry into effect of the European Monetary System on Tuesday had only a minor influence on trading. The Treasury and Federal Reserve purchased large amounts of Swiss francs, in nonmarket transactions with the Swiss authorities, to accelerate repayment of pre-August 1971 liabilities in that currency.

2. EPG

The Steering Committee has now assembled a package of possible measures on inflation for your consideration.

3. REAL WAGE INSURANCE

Real Wage Insurance remains dormant in the House Ways and Means Committee, with the Democrats considering whether any alternatives would pick up a majority of votes. Several members are going to China next week, and there will be no action until they return in early April. Meanwhile, the next hurdle the program must survive is the early April Budget Committee mark-ups.

4. DEBT LIMIT

The Debt Limit Bill passed on the second attempt in the House Thursday because of a well coordinated effort involving the House Leadership, labor and the Administration. As soon as the bill passes the Senate, we will begin efforts to change the system to avoid this political charade.

5. COUNTERCYCLICAL REVENUE SHARING

The Administration bill has been introduced in the Senate, and Finance Subcommittee hearings on it were held this week. The Senate outlook is fairly good, but the House picture remains highly uncertain.

Mike

W. Michael Blumenthal

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THE WHITE HOUSE
WASHINGTON

21 Mar 79

Secretary Califano
The First Lady

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
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	KRAFT
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	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
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	MITCHELL
	MOE
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	WISE

	ADAMS
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	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

March 16, 1979

cc Joe, Ros

C

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HEW Activities

- Hospital Cost Containment: On Monday I testified before a joint hearing of the health subcommittees of the House Commerce and Ways and Means Committees. At my suggestion--to keep the momentum going--Congressman Ullman announced that he would support enactment of the Administration bill, calling it an interim measure until the entire reimbursement system can be examined. On Tuesday, during my testimony before the Senate Finance Subcommittee on Health, Senator Talmadge indicated that he would work closely with Senator Nelson and me to try to go to the floor in agreement on a bill. The Finance Committee is scheduled to mark up the bill next week.

I believe timing is very important to get an effective bill. We should press for fast action in the Senate--we should try to have the bill out of the Senate not later than the end of April. This is not only important to get an effective Hospital Cost Containment bill, but also to avoid having Senator Long attach his catastrophic-only health insurance bill to our Hospital Cost Containment measure.

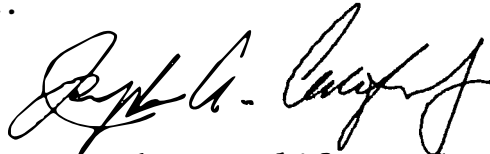
In the House, Rangel's Ways and Means Health Subcommittee resumes hearings on March 23. We are pressing for an early markup and reporting out by the subcommittee and full committee.

Waxman's Health Subcommittee is asking the Speaker for a delay in the July 1 reporting date the Speaker has set. We are urging the Speaker not to agree to this delay.

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- Fraud and Error: On Sunday I will announce that the AFDC error rate for excessive payments for the period January 1 to June 30, 1978--the latest period for which we have compiled data--decreased from 8.7 percent to 8.1 percent compared to the previous six months. The SSI error rate is holding at 4.6 percent--down from 6.5 percent in January 1977. Our goal is to reduce it to 4.3 percent in the current reporting period.
- NIH: I suggest that you visit the National Institutes of Health when your schedule permits. I spent some time there last week, getting a first hand idea of the specific kinds of research being conducted, as well as the general problems and prospects of basic research. Among others, I met with the four Nobel Laureates who work at NIH. Such a visit would dramatize your commitment to basic research and provide an opportunity for you to make a significant statement on the subject.
- Captioned TV: Pursuant to a letter you wrote to the network presidents early in the Administration, we have been working with the networks to implement a system for the deaf of "closed" captioning of TV programs. We have now reached agreement with ABC, NBC, PBS and Sears (the latter for production and marketing of the devices). We did not get everything we wanted, and I was unable to get CBS aboard. Nevertheless, this agreement is a major breakthrough for the deaf. We are putting together a ceremony to announce our success next Friday. It will include top network officials, leaders of all of the deaf groups and interested Congressional leaders in this area, as well as significant representation of the membership of handicapped interest groups. You may want to participate in this event. Even if your schedule will not permit you to attend, we will send you early next week a draft of a brief message that you could send to the event.

Let
Rosalynn
attend
for me



Joseph A. Califano, Jr.



THE UNDER SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D.C. 20201
March 16, 1979

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Addendum: Weekly Report of HEW Activities

- o Saccharin Moratorium: There has been some confused speculation in the press over our course of action on saccharin and on potential revision of the food safety laws. We are developing broad recommendations for overhauling entirely the existing food laws. We will have these available for review by OMB and your staff during the spring. It is not possible, however, for the Congress to legislate in this area before the moratorium on FDA action on saccharin expires May 23. I expect the Congress will want to extend that moratorium for at least a year in order to permit legislative action on the entire food safety question before the FDA makes a decision on saccharin. We do not believe that the Administration itself should propose to extend the moratorium since such a proposal might be seen as a vote of confidence in saccharin. However, it obviously makes sense for the Congress to consider the broad dimensions of food safety before the specific question of saccharin's future is resolved. When the issue arises, we intend to signal the Congress that we do not oppose an extension of the moratorium.


Hale Champion



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

F.Y.I.

March 9, 1979

C

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. THE DOLLAR:

The dollar remained steady in the foreign exchange market. The Treasury and Federal Reserve continued to repay swap debts and to acquire small amounts of foreign exchange to increase balances. The reported commencement of Chinese withdrawal from Viet Nam, the resumption of Iranian oil exports, and the initiatives toward an Israeli-Egyptian settlement had generally calming effects. The one percent rise in the February producers price index was not unexpected and did not stimulate dollar selling. Some uncertainties were generated by the announcement that the European Monetary System will become effective early next week, but this was reflected primarily in moderate selling pressure on the French franc rather than on the dollar.

2. EPG:

The Steering Group has been meeting frequently with the Vice President to analyze possible next steps in the anti-inflation program. We are readying recommendations for your return from the Middle East. These new steps must be coordinated, in both substance and presentation, with the energy policy measures that are also under preparation.

WMB

W. Michael Blumenthal

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 10, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: CEA Weekly Report

George Eads arrived as a new Member, replacing Bill Nordhaus who returned to his teaching post at Yale. George's nomination will be sent to the Congress in two or three weeks after his security clearance is completed.

Anti-inflation Policy. As you know, producer prices rose 1 percent in February. The increase was down from January's 1.3 percent, but still was disturbingly high. Of particular concern was the rapid rise in nonfood items -- for the second month in a row.

Fortunately, wage gains since the inception of the anti-inflation program have been moderate. The new price data, therefore, point to the need for the Council on Wage and Price Stability to step up its price monitoring efforts. CWPS will begin to notify firms that are not in compliance with the price standard that they will be identified as such, with ten days, under the Council's procedures, to respond. (Several have already been tentatively identified and notices are going out to them.) In addition, because many medium to small sized firms are not complying with the price standards, CWPS will also seek reports on price actions by smaller firms in those industries where inflation has been most severe.

Energy Policy. CEA's staff is continuing its active participation in the interagency effort to develop crude oil pricing options and conservation measures for your consideration.

Hospital Costs. On Friday, I testified along with Joe Califano in favor of the Administration's hospital cost containment bill before Senator Kennedy's Subcommittee on Health.

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THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON
20506

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March 9, 1979

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

Subject: Weekly Summary

Our constituency for the trade legislation continues to build. Most of the agricultural community is behind us. The steel industry is now almost aboard and a number of the major unions are in good shape. It looks like we should eventually get this legislation passed.

The French continue to present a problem but I believe if we can finesse their having to make a final decision until after the June election we will eventually avoid their veto.

Minister of Finance Chretien visited us this week from Canada and we are in the process of concluding that negotiation.

In Congress, we've spent four days in mark-up with the Finance Committee on the legislative package and it moves slowly along.

I have talked to Stu, McIntyre and Kreps this week because it's clear that the Finance Committee and the Senate Government Affairs Committee are going to recommend a Department of Trade in one form or another -- either a new, separate department or a total reorganization of the Commerce Department removing some of the present responsibilities and taking the primary trade responsibilities away from the other agencies of the Government. We can and will substantially effect the nature of the reorganization but I do not think we could stop it even if we wanted to. My thought is to try to find agreement and have it a joint or an administrative effort. You will recall I prevailed upon Ribicoff and Roth not to move their legislation last year for fear it would appear a "grab for turf" on my part and impair whatever effectiveness I might have on the Hill and within the Administration.

My political calls from within the Administration and from across the country have increased dramatically in the last few weeks and I look forward to sharing my thoughts with Rosalynn and you after you've had a respite from your trip.

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THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

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March 16, 1979

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues for the Week of March 12

Energy/Transportation and the Oil Crisis - I have forwarded to you today a separate memorandum on alternatives on how the government might use its taxing and regulatory powers to assist our transportation system in reducing this country's use of petroleum. I have sent a more detailed memorandum to the Stu Eizenstat's Energy Coordinating Group. The memorandum addresses energy use in the transportation system itself and the transporting of coal for use in utilities and other industries. There have been a series of meetings on possible approaches to the oil shortage and I understand you will receive a report on proposed alternatives soon. I want to be certain that the relationship of transportation to the energy problem is fully presented to you.

Fuel Economy Standards/Auto Industry - The major U.S. automobile companies testified before Representative John Dingell, Chairman of the Energy and Power Subcommittee, on March 14, that the fuel economy standards for 1981 through 1984 should be reduced so that there is a linear increase from the 1980 level of 20 mpg to the 1985 level of 27.5 mpg. The current standards require increases of 2 mpg per year for 1981 through 1983, with 1 mpg and 1/2 mpg in 1984 and 1985.

The Department's National Highway Traffic Safety Administration, Environmental Protection Agency, and Department of Energy testified in a panel before Congressman Dingell on the cost implications of the fuel economy standards and presented cost estimates which differed from those presented by the auto industry representatives. We are reviewing the standards in cooperation with the Council of Economic Advisors and other agencies and will complete a preliminary assessment next month. The National Highway Traffic Safety Administration estimates that reducing the standards would result in a loss of 7 billion gallons of gasoline over the life of the 1981 through 1984 model cars.

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THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

March 9, 1979

Bob Adams

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

SUBJECT: Significant Issues for the Week of March 5

Airline Fuel Problems - Four airline carriers - United, Eastern, Delta, and Continental - have cut back on domestic airline flights due to spot fuel shortages. The other major airlines have reported to us that they are not experiencing difficulties at this time. United has cut back the most flights, 429 per week out of its usual 12,000. Other airlines report cutbacks of less than 50 flights per week. Most of the dropped flights are on Saturdays and Sundays to ensure more fuel is available for weekday schedules. These cutbacks have received national news attention, and I have asked my aviation staff to provide as early information as possible whether serious aviation fuel shortages are possible this summer.

Amtrak Update - On Monday, I appeared before the Senate Committee on Commerce, Science and Transportation to urge support for the Administration's reduced Amtrak Route Structure. I stressed the fact that the streamlined rail passenger system would continue to serve more than 90 percent of the present Amtrak riders while saving \$1.4 billion in Federal Government subsidies over the next five years. Senators Long and Cannon were supportive during the hearings, but there was opposition from other Senators such as Senators Schmitt and Magnuson. I am currently hopeful that we can get Congressional agreement.

Ethics in Government Act and Current Employment Negotiations of UMTA Administrator

Dick Page, the Urban Mass Transportation Administrator, has advised me that he is negotiating with the Washington Transit System and the New York Transit System for employment. We have notified Bob Lipshutz and have taken steps within the Department to assure that actions relating to or affecting these transit systems are handled by Deputy Secretary Alan Butchman so as to avoid a conflict of interest.

I think you should know that Dick Page's decision to negotiate with these authorities at this time is motivated in large measure by concerns that after the July 1 effective date of the Ethics in Government Act he would have great difficulty returning to his career in public transit administration at the local level. Within the Department, we have lost a number of extremely valuable employees, such as the attorney in the Firestone recall case and our chief negotiator in the international aviation field. I think legislative amendments may be necessary to prevent a further drain of some of our most able high ranking Civil Service and political appointees.

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

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March 9, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *Ray*

SUBJECT: Major Departmental Activities, March 3-9

Controversy over cuts in CETA discretionary funds. The 1980 budget calls for a reduction of about \$50 million in Title III of CETA. Although the amount of money involved is not large, this Title funds a number of projects run by such key constituency groups as the AFL-CIO and the Urban League. We have been working with OMB to cushion the impact of these reductions.

Unresolved questions about what to do with unspent CETA funds. As I reported to you earlier, we will not be able to spend the entire amount appropriated for CETA public service jobs in 1979. There are two schools of thought on how to handle this shortfall. OMB feels that we should ask Congress to cut the amount we will be unable to spend from the 1979 budget. My own view is that we should leave this decision entirely up to Congress. If the Administration recommends any further cuts in CETA, this will raise new doubts about our commitment to the program.

Disagreement over the role of the Office of Federal Procurement Policy (OFPP). Last week OMB testified before Senator Chiles' governmental affairs subcommittee on the future of OFPP. The testimony, which we did not have a chance to review, erroneously claimed that OFPP administered the Davis-Bacon and Service Contracts Acts. This week I met with Jim McIntyre and a letter of clarification was sent to the subcommittee. I was scheduled to testify before the subcommittee this week, but postponed my appearance until we can work out an Administration-wide policy on the role of OFPP.

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Anti-inflation program. I am continuing to work through your collective bargaining committee to coordinate our activities with respect to forthcoming negotiations. We are monitoring negotiations very closely and continue to urge union leaders to comply with our program. Jack Gentry and I met Monday night, March 5th, with Peter Bommarito, President of the United Rubber Workers, who had been reported as saying he would break the standards. He told us he had never made such a statement, but that it would be very difficult for him to associate himself with our standards. I am worried about the Teamsters' negotiations--because of our troubles with real wage insurance and the high rates of inflation for January and February, it is less likely the Teamsters will observe the standards. We could have a strike. I am quietly coordinating our activities to deal with a strike if it comes.

Visit to South America. I, along with Joan Mondale, will represent the U.S. government next week at the inaugurations of the new presidents of Brazil and Venezuela. I will return to Washington on March 16.

1979 SCHOOL DATE/ ENERGY CALENDAR



Community Relations—Social Development Commission
in cooperation with the Milwaukee Public Schools

January 1979	February 1979	March 1979	April 1979	May 1979	June 1979	July 1979	August 1979	September 1979	October 1979	November 1979	December 1979
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Solar Energy Policy



January 1979